

**STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN**

1

QUARTERLY FINANCIAL REPORTING FORM

Submitted on 11/14/2003 11:59:38 AM

| | | 1 |
|-----|------------------------------------------------------|-----------------------------------------------------|
| 1. | FOR THE QUARTER ENDING: | September 30, 2003 |
| 2. | Name: | American Specialty Health Plans of California, Inc. |
| 3. | File Number:(Enter last three digits) 933-0 | 315 |
| 4. | Date Incorporated or Organized: | January 25, 1993 |
| 5. | Date Licensed as a HCSP: | September 2, 1994 |
| 6. | Date Federally Qualified as a HCSP: | N/A |
| 7. | Date Commenced Operation: | September 2, 1994 |
| 8. | Mailing Address: | 777 Front Street, San Diego, CA 92101 |
| 9. | Address of Main Administrative Office: | 777 Front Street, San Diego, CA 92101 |
| 10. | Telephone Number: | (619) 578-2000 |
| 11. | HCSP's ID Number: | N/A |
| 12. | Principal Location of Books and Records: | 777 Front Street, San Diego, CA 92101 |
| 13. | Plan Contact Person and Phone Number: | Brian Orcholski (619) 578-2000 |
| 14. | Financial Reporting Contact Person and Phone Number: | Brian Orcholski (619) 578-2000 |
| 15. | President:* | George Thomas DeVries III |
| 16. | Secretary:* | Robert Paul White |
| 17. | Chief Financial Officer:* | Arthur Leighton |
| 18. | Other Officers:* | Robert Paul White |
| 19. | | |
| 20. | | |
| 21. | | |
| 22. | Directors:* | George Thomas DeVries III |
| 23. | | Robert Paul White |
| 24. | | Dr. Robert Douglas Metz |
| 25. | | |
| 26. | | |
| 27. | | |
| 28. | | |
| 29. | | |
| 30. | | |
| 31. | | |

The officers listed on lines 15 through 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| 32. | President | George Thomas DeVries III (please type for valid signature) |
| 33. | Secretary | Robert Paul White (please type for valid signature) |
| 34. | Chief Financial Officer | Arthur Leighton (please type for valid signature) |
| * Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement. | | |
| 35. | Check if this is a revised filing, and complete question 7 on page 2: <input type="checkbox"/> | |
| 36. | If all dollar amounts are reported in thousands (000), check here: <input type="checkbox"/> | |

Check My Work

STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN

QUARTERLY FINANCIAL REPORTING FORM

SUPPLEMENTAL INFORMATION

| | | 1 |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| 1. | Are footnote disclosures attached with this filing? | Yes <input type="button" value="v"/> |
| 2. | Is the attached reporting form filed on a consolidated or combined basis? If "Yes", the plan is required to file consolidating or combining schedules. | No <input type="button" value="v"/> |
| 3. | Is the plan required to file additional information (i.e. parent/affiliate financial statements, claims reports, etc.) that is required by the Department? | No <input type="button" value="v"/> |
| 4. | Have the Restricted Assets changed from the previous quarterly filing? If "yes", complete Schedule A-2 (Restricted Assets). | No <input type="button" value="v"/> |
| 5. | Are there any significant changes reported on Schedule G, Section III? | No <input type="button" value="v"/> |
| 6. | If "yes", describe: | |
| 7. | If this is a revised reporting form, what is/are the reason(s) for the revision? | |

STATEMENT AS OF 9-30-2003 OF 933-0315 American Specialty Health Plans of California, Inc.

REPORT #1 ---- PART A: ASSETS

| 1 | 2 |
|-----------------------------------------------------------------------|----------------|
| CURRENT ASSETS: | Current Period |
| 1. Cash and Cash Equivalents | 2,733,505 |
| 2. Short-Term Investments | 2,084,809 |
| 3. Premiums Receivable - Net | 1,075,594 |
| 4. Interest Receivable | 20,969 |
| 5. Shared Risk Receivables - Net | |
| 6. Other Health Care Receivables - Net | |
| 7. Prepaid Expenses | 916,967 |
| 8. Secured Affiliate Receivables - Current | |
| 9. Unsecured Affiliate Receivables - Current | 1,529,812 |
| 10. Aggregate Write-Ins for Current Assets | 1,085,248 |
| 11. TOTAL CURRENT ASSETS (Items 1 to 10) | 9,446,904 |
| OTHER ASSETS: | |
| 12. Restricted Assets | 100,000 |
| 13. Long-Term Investments | |
| 14. Intangible Assets and Goodwill - Net | |
| 15. Secured Affiliate Receivables - Long-Term | |
| 16. Unsecured Affiliate Receivables - Past Due | |
| 17. Aggregate Write-Ins for Other Assets | 233,183 |
| 18. TOTAL OTHER ASSETS (Items 12 to 17) | 333,183 |
| PROPERTY AND EQUIPMENT | |
| 19. Land, Building and Improvements | |
| 20. Furniture and Equipment - Net | 107,420 |
| 21. Computer Equipment - Net | 105,944 |
| 22. Leasehold Improvements -Net | 1,406,244 |
| 23. Construction in Progress | 0 |
| 24. Software Development Costs | 253,713 |
| 25. Aggregate Write-Ins for Other Equipment | 0 |
| 26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25) | 1,873,321 |
| 27. TOTAL ASSETS | 11,653,408 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS | |
| 1001. Income Tax Receivable | 671,411 |
| 1002. Other Receivables | 47,480 |
| 1003. Deferred Tax Asset | 366,357 |
| 1004. | |
| 1098. Summary of remaining write-ins for Item 10 from overflow page | |
| 1099. TOTALS (Items 1001 thru 1004 plus 1098) | 1,085,248 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS | |
| 1701. Security Deposits | 102,453 |
| 1702. Deferred Tax Asset (Long Term) | 130,730 |
| 1703. | |
| 1704. | |
| 1798. Summary of remaining write-ins for Item 17 from overflow page | |
| 1799. TOTALS (Items 1701 thru 1704 plus 1798) | 233,183 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT | |
| 2501. | |
| 2502. | |
| 2503. | |
| 2504. | |
| 2598. Summary of remaining write-ins for Item 25 from overflow page | |
| 2599. TOTALS (Items 2501 thru 2504 plus 2598) | 0 |

STATEMENT AS OF 9-30-2003 OF 933-0315 American Specialty Health Plans of California, Inc.

REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

| 1 | 2 | 3 | 4 |
|-----------------------------------------------------------------------------|----------------|-----------------|------------|
| CURRENT LIABILITIES: | Current Period | | |
| | Contracting | Non-Contracting | Total |
| 1. Trade Accounts Payable | 589,475 | XXX | 589,475 |
| 2. Capitation Payable | | XXX | 0 |
| 3. Claims Payable (Reported) | 3,914,323 | | 3,914,323 |
| 4. Incurred But Not Reported Claims | | | 0 |
| 5. POS Claims Payable (Reported) | | | 0 |
| 6. POS Incurred But Not Reported Claims | | | 0 |
| 7. Other Medical Liability | | | 0 |
| 8. Unearned Premiums | 350,746 | XXX | 350,746 |
| 9. Loans and Notes Payable | | XXX | 0 |
| 10. Amounts Due To Affiliates - Current | | XXX | 0 |
| 11. Aggregate Write-Ins for Current Liabilities | 1,844,714 | 0 | 1,844,714 |
| 12. TOTAL CURRENT LIABILITIES (Items 1 to 11) | 6,699,258 | 0 | 6,699,258 |
| OTHER LIABILITIES: | | | |
| 13. Loans and Notes Payable (Not Subordinated) | | XXX | 0 |
| 14. Loans and Notes Payable (Subordinated) | | XXX | 0 |
| 15. Accrued Subordinated Interest Payable | | XXX | 0 |
| 16. Amounts Due To Affiliates - Long Term | | XXX | 0 |
| 17. Aggregate Write-Ins for Other Liabilities | 0 | XXX | 0 |
| 18. TOTAL OTHER LIABILITIES (Items 13 to 17) | 0 | XXX | 0 |
| 19. TOTAL LIABILITIES | 6,699,258 | 0 | 6,699,258 |
| NET WORTH | | | |
| 20. Common Stock | XXX | XXX | 808,813 |
| 21. Preferred Stock | XXX | XXX | |
| 22. Paid In Surplus | XXX | XXX | |
| 23. Contributed Capital | XXX | XXX | |
| 24. Retained Earnings (Deficit)/Fund Balance | XXX | XXX | 4,151,389 |
| 25. Aggregate Write-Ins for Other Net Worth Items | XXX | XXX | -6,052 |
| 26. TOTAL NET WORTH (Items 20 to 25) | XXX | XXX | 4,954,150 |
| 27. TOTAL LIABILITIES AND NET WORTH | XXX | XXX | 11,653,408 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES | | | |
| 1101. Accrued Expenses | 1,046,560 | | 1,046,560 |
| 1102. Dividends Payable | 500,000 | | 500,000 |
| 1103. Unclaimed Property | 298,154 | | 298,154 |
| 1104. | | | 0 |
| 1198. Summary of remaining write-ins for Item 11 from overflow page | | | 0 |
| 1199. TOTALS (Items 1101 thru 1104 plus 1198) | 1,844,714 | 0 | 1,844,714 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES | | | |
| 1701. | | XXX | 0 |
| 1702. | | XXX | 0 |
| 1703. | | XXX | 0 |
| 1704. | | XXX | 0 |
| 1798. Summary of remaining write-ins for Item 17 from overflow page | | XXX | 0 |
| 1799. TOTALS (Items 1701 thru 1704 plus 1798) | 0 | XXX | 0 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS | | | |
| 2501. Accumulated Comprehensive Other Income | XXX | XXX | -6,052 |
| 2502. | XXX | XXX | |
| 2503. | XXX | XXX | |
| 2504. | XXX | XXX | |
| 2598. Summary of remaining write-ins for Item 25 from overflow page | XXX | XXX | |
| 2599. TOTALS (Items 2501 thru 2504 plus 2598) | XXX | XXX | -6,052 |

STATEMENT AS OF 9-30-2003 OF 933-0315 American Specialty Health Plans of California, Inc.

REPORT #2: REVENUE, EXPENSES AND NET WORTH

| | 1 | 2 |
|------------------------------------------------------------------------------|----------------|--------------|
| | Current Period | Year-To-Date |
| REVENUES: | | |
| 1. Premiums (Commercial) | | |
| 2. Capitation | 14,142,706 | 40,432,406 |
| 3. Co-payments, COB, Subrogation | | |
| 4. Title XVIII - Medicare | 2,897,697 | 9,802,383 |
| 5. Title XIX - Medicaid | | |
| 6. Fee-For-Service | | |
| 7. Point-Of-Service (POS) | | |
| 8. Interest | 11,798 | 49,502 |
| 9. Risk Pool Revenue | | |
| 10. Aggregate Write-Ins for Other Revenues | 146 | 1,137 |
| 11. TOTAL REVENUE (Items 1 to 10) | 17,052,347 | 50,285,428 |
| EXPENSES: | | |
| Medical and Hospital | | |
| 12. Inpatient Services - Capitated | | |
| 13. Inpatient Services - Per Diem | | |
| 14. Inpatient Services - Fee-For-Service/Case Rate | | |
| 15. Primary Professional Services - Capitated | | |
| 16. Primary Professional Services - Non-Capitated | 7,513,232 | 22,557,310 |
| 17. Other Medical Professional Services - Capitated | | |
| 18. Other Medical Professional Services - Non-Capitated | 590,880 | 1,003,544 |
| 19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS | | |
| 20. POS Out-Of-Network Expense | | |
| 21. Pharmacy Expense - Capitated | | |
| 22. Pharmacy Expense - Fee-for-Service | | |
| 23. Aggregate Write-Ins for Other Medical and Hospital Expenses | 0 | 0 |
| 24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23) | 8,104,112 | 23,560,854 |
| Administration | | |
| 25. Compensation | 1,602,263 | 4,945,902 |
| 26. Interest Expense | | |
| 27. Occupancy, Depreciation and Amortization | 691,099 | 2,243,891 |
| 28. Management Fees | | |
| 29. Marketing | 178,922 | 600,069 |
| 30. Affiliate Administration Services | 4,765,279 | 13,857,803 |
| 31. Aggregate Write-Ins for Other Administration | 0 | 0 |
| 32. TOTAL ADMINISTRATION (Items 25 to 31) | 7,237,563 | 21,647,665 |
| 33. TOTAL EXPENSES | 15,341,675 | 45,208,519 |
| 34. INCOME (LOSS) | 1,710,672 | 5,076,909 |
| 35. Extraordinary Item | | |
| 36. Provision for Taxes | 720,856 | 2,141,810 |
| 37. NET INCOME (LOSS) | 989,816 | 2,935,099 |
| NET WORTH: | | |
| 38. Net Worth Beginning of Period | 5,471,093 | 3,528,595 |
| 39. Audit Adjustments | | |
| 40. Increase (Decrease) in Common Stock | | |
| 41. Increase (Decrease) in Preferred Stock | | |
| 42. Increase (Decrease) in Paid in Surplus | | |
| 43. Increase (Decrease) in Contributed Capital | | |
| 44. Increase (Decrease) in Retained Earnings: | | |
| 45. Net Income (Loss) | 989,816 | 2,935,099 |
| 46. Dividends to Stockholders | -1,500,000 | -1,500,000 |
| 47. Aggregate Write-Ins for Changes in Retained Earnings | -6,759 | -9,544 |
| 48. Aggregate Write-Ins for Changes in Other Net Worth Items | 0 | 0 |
| 49. NET WORTH END OF PERIOD (Items 38 to 48) | 4,954,150 | 4,954,150 |

STATEMENT AS OF 9-30-2003 OF 933-0315 American Specialty Health Plans of California, Inc.

REPORT #2: REVENUE, EXPENSES AND NET WORTH

| 1 | 2 | 3 |
|-------------------------------------------------------------------------------------------|----------------|--------------|
| | Current Period | Year-to-Date |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES | | |
| 1001. Other Income | 146 | 1,137 |
| 1002. | | |
| 1003. | | |
| 1004. | | |
| 1005. | | |
| 1006. | | |
| 1098. Summary of remaining write-ins for Item 10 from overflow page | | |
| 1099. TOTALS (Items 1001 thru 1006 plus 1098) | 146 | 1,137 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EXPENSES | | |
| 2301. | | |
| 2302. | | |
| 2303. | | |
| 2304. | | |
| 2305. | | |
| 2306. | | |
| 2398. Summary of remaining write-ins for Item 23 from overflow page | | |
| 2399. TOTALS (Items 2301 thru 2306 plus 2398) | 0 | 0 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES | | |
| 3101. See Attached Excel file: | | |
| 3102. 2nd Quarter Reporting 3101 Detail write in for other admin expenses.xls | | |
| 3103. | | |
| 3104. | | |
| 3105. | | |
| 3106. | | |
| 3198. Summary of remaining write-ins for Item 31 from overflow page | | |
| 3199. TOTALS (Items 3101 thru 3106 plus 3198) | 0 | 0 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS | | |
| 4701. Accumulated Comprehensive Other Income | -6,759 | -9,544 |
| 4702. | | |
| 4703. | | |
| 4704. | | |
| 4705. | | |
| 4706. | | |
| 4798. Summary of remaining write-ins for Item 47 from overflow page | | |
| 4799. TOTALS (Items 4701 thru 4706 plus 4798) | -6,759 | -9,544 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH ITEMS | | |
| 4801. | | |
| 4802. | | |
| 4803. | | |
| 4804. | | |
| 4805. | | |
| 4806. | | |
| 4898. Summary of remaining write-ins for Item 48 from overflow page | | |
| 4899. TOTALS (Items 4801 thru 4806 plus 4898) | 0 | 0 |

REPORT #3: STATEMENT OF CASH FLOWS

| 1 | 2 | 3 |
|------------------------------------------------------------------------------------------------------|----------------|--------------|
| | Current Period | Year-to-Date |
| CASH FLOW PROVIDED BY OPERATING ACTIVITIES | | |
| 1. Group/Individual Premiums/Capitation | 13,425,373 | 41,170,041 |
| 2. Fee-For-Service | | |
| 3. Title XVIII - Medicare Premiums | | |
| 4. Title XIX - Medicaid Premiums | 2,897,697 | 9,802,383 |
| 5. Investment and Other Revenues | 11,949 | 47,267 |
| 6. Co-Payments, COB and Subrogation | | |
| 7. Medical and Hospital Expenses | -7,519,446 | -23,666,168 |
| 8. Administration Expenses | -4,862,961 | -21,535,594 |
| 9. Federal Income Taxes Paid | -2,141,810 | -2,141,810 |
| 10. Interest Paid | | |
| 11. NET CASH PROVIDED BY OPERATING ACTIVITIES | 1,810,802 | 3,676,119 |
| CASH FLOW PROVIDED BY INVESTING ACTIVITIES | | |
| 12. Proceeds from Restricted Cash and Other Assets | | |
| 13. Proceeds from Investments | | |
| 14. Proceeds for Sales of Property, Plant and Equipment | | |
| 15. Payments for Restricted Cash and Other Assets | | 9,377 |
| 16. Payments for Investments | -10,643 | -42,578 |
| 17. Payments for Property, Plant and Equipment | | 826 |
| 18. NET CASH PROVIDED BY INVESTING ACTIVITIES | -10,643 | -32,375 |
| CASH FLOW PROVIDED BY FINANCING ACTIVITIES: | | |
| 19. Proceeds from Paid in Capital or Issuance of Stock | | |
| 20. Loan Proceeds from Non-Affiliates | | |
| 21. Loan Proceeds from Affiliates | | |
| 22. Principal Payments on Loans from Non-Affiliates | | |
| 23. Principal Payments on Loans from Affiliates | | |
| 24. Dividends Paid | -1,000,000 | -1,000,000 |
| 25. Aggregate Write-Ins for Cash Provided by Financing Activities | 0 | 0 |
| 26. NET CASH PROVIDED BY FINANCING ACTIVITIES | -1,000,000 | -1,000,000 |
| 27. NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26) | 800,159 | 2,643,744 |
| 28. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER | 1,933,346 | 89,761 |
| 29. CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER | 2,733,505 | 2,733,505 |
| RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| 30. Net Income | 989,816 | 2,935,099 |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities | | |
| 31. Depreciation and Amortization | 178,886 | 674,133 |
| 32. Decrease (Increase) in Receivables | -709,398 | 831,217 |
| 33. Decrease (Increase) in Prepaid Expenses | -701,683 | -240,504 |
| 34. Decrease (Increase) in Affiliate Receivables | 1,907,855 | -1,529,812 |
| 35. Increase (Decrease) in Accounts Payable | -1,200,652 | -62,537 |
| 36. Increase (Decrease) in Claims Payable and Shared Risk Pool | 584,666 | -105,314 |
| 37. Increase (Decrease) in Unearned Premium | -821 | 42,883 |
| 38. Aggregate Write-Ins for Adjustments to Net Income | 762,133 | 1,130,954 |
| 39. TOTAL ADJUSTMENTS (Items 31 through 38) | 820,986 | 741,020 |
| 40. NET CASH PROVIDED BY OPERATING ACTIVITIES (Item 30 adjusted by Item 39 must agree to Item 11) | 1,810,802 | 3,676,119 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES | | |
| 2501. | | |
| 2502. | | |
| 2503. | | |
| 2598. Summary of remaining write-ins for Item 25 from overflow page | | |
| 2599. TOTALS (Items 2501 thru 2503 plus 2598) | 0 | 0 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME | | |
| 3801. Accrued Expenses | 463,979 | 832,800 |
| 3802. Unclaimed Property | 298,154 | 298,154 |
| 3803. | | |
| 3898. Summary of remaining write-ins for Item 38 from overflow page | | |
| 3899. TOTALS (Items 3801 thru 3803 plus 3898) | 762,133 | 1,130,954 |

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REPORT #4: ENROLLMENT AND UTILIZATION TABLE**TOTAL ENROLLMENT**

| 1 Source of Enrollment | 2 Total Enrollees At End of Previous Period | 3 Additions During Period | 4 Terminations During Period | 5 Total Enrollees at End of Period | 6 Cumulative Enrollee Months for Period | Total Member Ambulatory Encounters for Period | | | 10 Total Patient Days Incurred | 11 Annualized Hospital Days/1000 | 12 Average Length of Stay |
|---------------------------------------------------------------------------|---------------------------------------------------|---------------------------------|------------------------------------|------------------------------------------|-----------------------------------------------------|-----------------------------------------------|---------------------|------------|-----------------------------------------|-------------------------------------------|------------------------------------|
| | | | | | | 7 Physicians | 8 Non-Physicians | 9 Total | | | |
| 1. Group (Commercial) | 3,575,123 | 352,956 | 327,643 | 3,600,436 | 10,870,562 | 277,005 | | 277,005 | | 0 | |
| 2. Medicare Risk | 350,106 | 17,804 | 13,927 | 353,983 | 1,048,453 | 41,196 | | 41,196 | | 0 | |
| 3. Medi-Cal Risk | | | | 0 | | | | 0 | | | |
| 4. Individual | | | | 0 | | | | 0 | | | |
| 5. Point of Service | | | | 0 | | | | 0 | | | |
| 6. Aggregate write-ins for Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 7. Total Membership | 3,925,229 | 370,760 | 341,570 | 3,954,419 | 11,919,015 | 318,201 | 0 | 318,201 | 0 | 0 | |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 6 FOR OTHER SOURCES OF ENROLLMENT | | | | | | | | | | | |
| 601. Small Group | | | | 0 | | | | 0 | | | |
| 602. Healthy Families | | | | 0 | | | | 0 | | | |
| 603. AIM | | | | 0 | | | | 0 | | | |
| 604. Medicare Cost | | | | 0 | | | | 0 | | | |
| 605. ASO | | | | 0 | | N/A | N/A | N/A | N/A | N/A | N/A |
| 606. PPO | | | | 0 | | | | 0 | | | |
| 607. | | | | 0 | | | | 0 | | | |
| 608. | | | | 0 | | | | 0 | | | |
| 609. | | | | 0 | | | | 0 | | | |
| 610. | | | | 0 | | | | 0 | | | |
| 611. | | | | 0 | | | | 0 | | | |
| 612. | | | | 0 | | | | 0 | | | |
| Summary of remaining write-ins for | | | | | | | | | | | |
| 698. Item 6 from overflow page | | | | 0 | | | | 0 | | | |
| Totals (lines 601 through 612 plus | | | | | | | | | | | |
| 699, 698) (Line 6 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |

**

SCHEDULE A-1 (CASH)

| 1 | 2 | 3 |
|----------------------------------------------------------------------------|----------------|-----------|
| Name of Depository (List all accounts even if closed during the period) | Account Number | Balance* |
| 1. Bank of the West | 749-003455 | 3,472,101 |
| 2. Mellon Bank | 069-5279 | -86,083 |
| 3. Mellon Bank | 069-5287 | -685,997 |
| 4. Bank of the West | 749-003000 | 0 |
| 5. Bank of the West | 749-004099 | 3,346 |
| 6. Bank of the West | 749-003745 | 30,138 |
| 7. | | |
| 8. | | |
| 9. Total Cash on Deposit | | 2,733,505 |
| 10. Cash on Hand (Petty Cash) | | |
| 11. Total Cash on Hand and on Deposit (Report #1, Part A, Line 1) | | 2,733,505 |

SCHEDULE A-2 RESTRICTED ASSETS

| 1 | 2 | 3 |
|------------------------------------------------------------------------|----------------|----------|
| Name of Depository (List all accounts even if closed during period) | Account Number | Balance* |
| 12. | | |
| 13. Wells Fargo Bank (3 Mo. CD) | 6500820190 | 100,000 |
| 14. | | |
| 15. | | |
| 16. | | |
| 17. | | |
| 18. | | |
| 19. Total Restricted Assets | | 100,000 |

* Indicate the Balance Per the HMO's Records

**

STATEMENT AS OF 9-30-2003 OF 933-0315 American Specialty Health Plans of California, Inc.

SCHEDULE C - PREMIUMS RECEIVABLE (Other than Affiliates)

Individually list all debtors (commercial only) with account balances greater than 5% of gross Premiums Receivable. Group the total of all other premiums receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

| | 1 Name of Debtor | 2 1-30 Days | 3 31-60 Days | 4 61-90 Days | 5 Over 90 Days | 6 Total |
|-----|--------------------------------------------|----------------|-----------------|-----------------|-------------------|------------|
| 1. | Cigna of California | | | | 161,245 | 161,245 |
| 2. | Kaiser South Senior | | 200,000 | 1,831 | | 201,831 |
| 3. | Kaiser Senior Cases | | 401,735 | | | 401,735 |
| 4. | | | | | | 0 |
| 5. | | | | | | 0 |
| 6. | | | | | | 0 |
| 7. | | | | | | 0 |
| 8. | | | | | | 0 |
| 9. | | | | | | 0 |
| 10. | | | | | | 0 |
| 11. | | | | | | 0 |
| 12. | | | | | | 0 |
| 13. | | | | | | 0 |
| 14. | | | | | | 0 |
| 15. | | | | | | 0 |
| 16. | | | | | | 0 |
| 17. | | | | | | 0 |
| 18. | | | | | | 0 |
| 19. | | | | | | 0 |
| 20. | | | | | | 0 |
| 21. | | | | | | 0 |
| 22. | | | | | | 0 |
| 23. | | | | | | 0 |
| 24. | | | | | | 0 |
| 25. | | | | | | 0 |
| 26. | | | | | | 0 |
| 27. | | | | | | 0 |
| 28. | | | | | | 0 |
| 29. | | | | | | 0 |
| 30. | | | | | | 0 |
| 31. | | | | | | 0 |
| 32. | | | | | | 0 |
| 33. | | | | | | 0 |
| 34. | | | | | | 0 |
| 35. | | | | | | 0 |
| 36. | | | | | | 0 |
| 37. | | | | | | 0 |
| 38. | | | | | | 0 |
| 39. | | | | | | 0 |
| 40. | | | | | | 0 |
| 41. | | | | | | 0 |
| 42. | | | | | | 0 |
| 43. | | | | | | 0 |
| 44. | | | | | | 0 |
| 45. | | | | | | 0 |
| 46. | | | | | | 0 |
| 47. | | | | | | 0 |
| 48. | | | | | | 0 |
| 49. | | | | | | 0 |
| 50. | | | | | | 0 |
| 51. | | | | | | 0 |
| 52. | | | | | | 0 |
| 53. | | | | | | 0 |
| 54. | Aggregate Accounts Not Individually Listed | 125,686 | 173,214 | 149,359 | 1,177,072 | 1,625,331 |
| 55. | Total | 125,686 | 774,949 | 151,190 | 1,338,317 | 2,390,142 |

**

STATEMENT AS OF 9-30-2003 OF 933-0315 American Specialty Health Plans of California, Inc.

SCHEDULE D
HEALTH CARE RECEIVABLES &
AMOUNTS DUE FROM PARENT, SUBSIDIARIES, AND AFFILIATES

Individually list all debtors with account balances greater than 10% of gross Receivables. Group the total of all other receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

| | 1 Name of Debtor | 2 1-30 Days | 3 31-60 Days | 4 61-90 Days | 5 Over 90 Days | 6 Total |
|-----|--------------------------------------------|----------------|-----------------|-----------------|-------------------|------------|
| 1. | American Specialty Health, Inc. | 1,423,036 | | | | 1,423,036 |
| 2. | American Specialty Health Networks, Inc. | 106,776 | | | | 106,776 |
| 3. | | | | | | 0 |
| 4. | | | | | | 0 |
| 5. | | | | | | 0 |
| 6. | | | | | | 0 |
| 7. | | | | | | 0 |
| 8. | | | | | | 0 |
| 9. | | | | | | 0 |
| 10. | | | | | | 0 |
| 11. | | | | | | 0 |
| 12. | | | | | | 0 |
| 13. | | | | | | 0 |
| 14. | | | | | | 0 |
| 15. | | | | | | 0 |
| 16. | | | | | | 0 |
| 17. | | | | | | 0 |
| 18. | | | | | | 0 |
| 19. | | | | | | 0 |
| 20. | | | | | | 0 |
| 21. | | | | | | 0 |
| 22. | | | | | | 0 |
| 23. | | | | | | 0 |
| 24. | | | | | | 0 |
| 25. | | | | | | 0 |
| 26. | | | | | | 0 |
| 27. | | | | | | 0 |
| 28. | | | | | | 0 |
| 29. | | | | | | 0 |
| 30. | | | | | | 0 |
| 31. | | | | | | 0 |
| 32. | | | | | | 0 |
| 33. | | | | | | 0 |
| 34. | | | | | | 0 |
| 35. | | | | | | 0 |
| 36. | | | | | | 0 |
| 37. | | | | | | 0 |
| 38. | | | | | | 0 |
| 39. | | | | | | 0 |
| 40. | | | | | | 0 |
| 41. | | | | | | 0 |
| 42. | | | | | | 0 |
| 43. | | | | | | 0 |
| 44. | | | | | | 0 |
| 45. | | | | | | 0 |
| 46. | | | | | | 0 |
| 47. | | | | | | 0 |
| 48. | | | | | | 0 |
| 49. | | | | | | 0 |
| 50. | | | | | | 0 |
| 51. | | | | | | 0 |
| 52. | | | | | | 0 |
| 53. | | | | | | 0 |
| 54. | Aggregate Accounts Not Individually Listed | | | | | 0 |
| 55. | Total | 1,529,812 | 0 | 0 | 0 | 1,529,812 |

**

STATEMENT AS OF 9-30-2003 OF 933-0315 American Specialty Health Plans of California, Inc.

SCHEDULE F - ACCOUNTS PAYABLE

Individually list all creditors with account balances greater than 5% of total trade accounts payable. Group the total of all other payables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed - Due." Report accounts payable from the initial date of billing or due date under contract.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|------------------------------------------------------|-----------|------------|------------|-------------|---------------|---------|
| Name of Debtor | 1-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | Over 120 Days | Total |
| 1. Department of Managed Healthcare | 535,723 | | | | | 535,723 |
| 2. | | | | | | 0 |
| 3. | | | | | | 0 |
| 4. | | | | | | 0 |
| 5. | | | | | | 0 |
| 6. | | | | | | 0 |
| 7. | | | | | | 0 |
| 8. | | | | | | 0 |
| 9. | | | | | | 0 |
| 10. | | | | | | 0 |
| 11. | | | | | | 0 |
| 12. | | | | | | 0 |
| 13. | | | | | | 0 |
| 14. | | | | | | 0 |
| 15. | | | | | | 0 |
| 16. | | | | | | 0 |
| 17. | | | | | | 0 |
| 18. | | | | | | 0 |
| 19. | | | | | | 0 |
| 20. | | | | | | 0 |
| 21. | | | | | | 0 |
| 22. | | | | | | 0 |
| 23. Aggregate Accounts Not Individually Listed - Due | 81,975 | 0 | 0 | -28,223 | | 53,752 |
| 24. Total | 617,698 | 0 | 0 | -28,223 | 0 | 589,475 |

**

SCHEDULE G - UNPAID CLAIMS ANALYSIS
SECTION I - CLAIMS UNPAID

| | 1 | 2 | 3 |
|---------------------|------------------------------------------------|-----------------------------------------|---------------------------------------------------------|
| Type of Claim | Reported Claims in Process of Adjustment | Estimated Incurred but Unreported | Total - Unpaid Claims (Columns 4+5 of Section II) |
| 1. Inpatient Claims | | | 0 |
| 2. Physician Claims | | 3,914,323 | 3,914,323 |
| 3. Referral Claims | | | 0 |
| 4. Other Medical | | | 0 |
| 5. TOTAL | 0 | 3,914,323 | 3,914,323 |

SECTION II - ANALYSIS OF CLAIMS UNPAID - PREVIOUS YEAR (FILE ANNUAL ONLY)

| 1 Type of Claim | Claims Paid During the Fiscal Year | | Unpaid Claims During the Fiscal Year | | 6 Total Claims (Paid and Unpaid) for the Previous Fiscal Year (2+4) | 7 Estimated Liability of Unpaid Claims Prior to the first day of the Prior Year |
|---------------------|------------------------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------------------------------|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | 2 On Claims Incurred Prior to the first day of the Current Fiscal Year | 3 On Claims Incurred During the Fiscal Year | 4 On Claims Unpaid Prior to the first day of the Previous Fiscal Year | 5 On Claims Incurred During the Year | | |
| 6. Inpatient Claims | | | | | 0 | |
| 7. Physician Claims | | | | | 0 | |
| 8. Referral Claims | | | | | 0 | |
| 9. Other Medical | | | | | 0 | |
| 10. TOTAL | 0 | 0 | 0 | 0 | 0 | 0 |

SECTION III - INVENTORY OF CLAIMS TO BE PROCESSED*

| 1 Month Ending | 2 Beginning Balance Number of Claims in inventory on the 1st of each month | 3 Add - Claims Received during the month | 4 Deduct - Claims paid during the month | 5 Deduct - Claims denied during the month | 6 Add/Deduct - Adjustments | 7 Ending Balance Number of claims in inventory at the end of the month |
|-------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------|----------------------------------------------------|----------------------------------|---------------------------------------------------------------------------------------|
| 11. January | 44,754 | 157,774 | 147,884 | 11,235 | -823 | 42,586 |
| 13. February | 42,586 | 145,151 | 115,927 | 8,578 | -773 | 62,459 |
| 14. March | 62,459 | 148,004 | 145,233 | 8,113 | -1,145 | 55,972 |
| 15. April | 55,972 | 175,296 | 198,544 | 11,570 | -1,243 | 19,911 |
| 16. May | 19,911 | 139,602 | 127,367 | 7,613 | -1,197 | 23,336 |
| 17. June | 23,336 | 139,382 | 131,574 | 7,585 | -980 | 22,579 |
| 18. July | 22,579 | 159,566 | 149,444 | 8,753 | -964 | 22,984 |
| 19. August | 22,984 | 136,539 | 120,430 | 7,487 | -833 | 30,773 |
| 20. September | 30,773 | 132,863 | 120,977 | 7,172 | -927 | 34,560 |
| 21. | | | | | | 0 |
| 22. | | | | | | 0 |
| 23. | | | | | | 0 |

* Describe any significant changes reported on Schedule G, Section III in the Supplemental Schedule (Page 2).

**

STATEMENT AS OF 9-30-2003 OF 933-0315 American Specialty Health Plans of California, Inc.

SCHEDULE H - AGING OF ALL CLAIMS

Age all claims on hand at the end of each month. Use the date of receipt to determine the number of days the claims is outstanding. The amount reported in Column 6 should equal the amount Reported on Schedule G, Section III, Column 7.

| | 1 | 2 | 3 | 4 | 5 | 6 |
|-----|--------------|-----------|------------|------------|--------------|--------|
| 1. | Month Ending | 1-30 Days | 31-60 Days | 61-90 Days | Over 90 Days | Total |
| 2. | January | 42,585 | 1 | | | 42,586 |
| 3. | February | 62,459 | 0 | | | 62,459 |
| 4. | March | 55,969 | 3 | | | 55,972 |
| 5. | April | 19,911 | | | | 19,911 |
| 6. | May | 23,336 | | | | 23,336 |
| 7. | June | 22,577 | 2 | | | 22,579 |
| 8. | July | 22,982 | 2 | | | 22,984 |
| 9. | August | 30,772 | 1 | | | 30,773 |
| 10. | September | 34,558 | 2 | | | 34,560 |
| 11. | | | | | | 0 |
| 12. | | | | | | 0 |
| 13. | | | | | | 0 |

**

STATEMENT AS OF 9-30-2003 OF 933-0315 American Specialty Health Plans of California, Inc.

SCHEDULE I - ANALYSIS OF TOTAL MEDICAL LIABILITY TO ACTUAL CLAIMS PAID

Using the Plan's Lag Tables, complete the following table. Provide claim information the current quarter and the previous seven quarters. An actuarial certification may be submitted in lieu of this schedule.

| Reported Accrual | | | | |
|-----------------------|--------------------------|---------------------|---------------------------|--------------------------------------------|
| 1 | 2 | 3 | 4 | 5 |
| Quarter Ending Date | Total Medical Liability* | Amount Paid-To-Date | Difference - Column (2-3) | Outstanding Liability (Based on plan's lag |
| 1. June 30, 2003 | 3,914,323 | XXX | 3,914,323 | 3,914,323 |
| 2. June 30, 2003 | 3,329,657 | 2,939,212 | 390,445 | 3,329,657 |
| 3. March 31, 2003 | 4,290,175 | 3,920,028 | 370,147 | 4,290,175 |
| 4. December 31, 2002 | 4,088,637 | 3,937,759 | 150,878 | 4,088,637 |
| 5. September 30, 2002 | 3,818,242 | 3,948,949 | -130,707 | 3,818,242 |
| 6. June 30, 2002 | 3,528,072 | 3,761,072 | -233,000 | 3,255,645 |
| 7. March 31, 2002 | 3,031,310 | 3,386,286 | -354,976 | 2,801,645 |
| 8. December 31, 2001 | 3,674,834 | 3,819,539 | -144,705 | 3,365,586 |

* Should tie to Report #1, Part B, Columns 1 & 2, Lines 3 through 7.

**

| 1 | |
|-------------------------------|-------------------------------------------|
| NOTES TO FINANCIAL STATEMENTS | |
| 1. | See attached file: |
| 2. | 3rd Quarter 2003 Reporting Form Notes.doc |
| 3. | |
| 4. | |
| 5. | |
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| OVERFLOW PAGE FOR WRITE-INS | |
| 1. | |
| 2. | |
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| 59. | |

STATEMENT AS OF 9-30-2003 OF 933-0315 American Specialty Health Plans of California, Inc.

KNOX-KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1300.84.06, 1300.84.2 AND 1374.68

| | 1 | 2 | 3 | 4 | 5 |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------------|---------------|--------------|
| A. | Explanation of the method of calculating the provision for incurred and unreported claims: | | | | |
| 1. | Estimated claims incurred but not reported are determined through an analysis of historical experience of claims paid. | | | | |
| B. | Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below: | | | | |
| | <u>Name of Debtor</u> | <u>Nature of Relationship</u> | <u>Nature of Receivable</u> | <u>Amount</u> | <u>Terms</u> |
| 2. | American Specialty Health, Inc. | Parent company | Affiliate Loan | 1,423,036 | 30 Days |
| 3. | American Specialty Health Networks, Inc. | Parent company | Affiliate Loan | 106,776 | 30 Days |
| 4. | | | | | |
| 5. | | | | | |
| 6. | | | | | |
| C. | Donated materials or services received by the reporting entity for the period of the financial statements, as detailed below: | | | | |
| | <u>Donor's Name</u> | <u>Affiliation with Reporting Entity</u> | <u>Valuation Method</u> | <u>Amount</u> | |
| 7. | | | | | |
| 8. | | | | | |
| 9. | | | | | |
| 10. | | | | | |
| 11. | | | | | |
| D. | Forgiven debt or obligations, as detailed below: | | | | |
| | <u>Creditor's Name</u> | <u>Affiliation with Reporting Entity</u> | <u>Summary of How Obligation Arose</u> | <u>Amount</u> | |
| 12. | | | | | |
| 13. | | | | | |
| 14. | | | | | |
| 15. | | | | | |
| E. | Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules: | | | | |
| 16. | Net Equity | | | \$ | 4,954,150 |
| 17. | Add: Subordinated Debt | | | \$ | 0 |
| 18. | Less: Receivables from officers, directors, and affiliates | | | \$ | 1,529,812 |
| 19. | Intangibles | | | \$ | 0 |
| 20. | Tangible Net Equity (TNE) | | | \$ | 3,424,338 |
| 21. | Required Tangible Net Equity (See Page 22) | | | \$ | 1,596,658 |
| 22. | TNE Excess (Deficiency) | | | \$ | 1,827,680 |
| F. | Percentage of administrative costs to revenue obtained from subscribers and enrollees: | | | | |
| 23. | Revenue from subscribers and enrollees | | | \$ | 50,234,789 |
| 24. | Administrative Costs | | | \$ | 21,647,665 |
| 25. | Percentage | | | | 43 |
| 26. | The amount of health care expenses incurred during the six month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees: | | | \$ | 0 |
| 27. | Total costs for health care services for the immediately preceding six months: | | | \$ | 0 |
| 28. | Percentage | | | | 0 |

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|---|
| | | 1 |
| <p>G. If the amount of health care expenses incurred during the six month period immediately preceding the date of the report which <u>were or will be</u> paid to noncontracting providers or directly reimbursed to subscribers and enrollees exceeds 10% of the total costs for health care services for the immediately preceding six months, the following information, determined as of the date of the reports, shall be provided:</p> | | |
| 29. Amount of all claims for noncontracting provider services received for reimbursement but not yet processed: | \$ | |
| 30. Amount of all claims for noncontracting provider services denied for reimbursement during the previous 45 days: | \$ | |
| 31. Amount of all claims for noncontracting provider services approved for reimbursement but not yet paid: | \$ | |
| 32. An estimate of the amount of claims for noncontracting provider services incurred, but not reported: | \$ | |
| 33. Compliance with Section 1377(a) as determined in accordance with such section, as follows: | | |
| 34. Cash & cash equivalents maintained | \$ | |
| 35. Noncontracting provider claims (aggregate of total of items 29 - 32 above) | \$ | 0 |
| 36. Cash & cash equivalents reported to be maintained (120% x Line 35) | \$ | 0 |
| 37. Deposit required (100% of Line 36) | \$ | 0 |
| 38. Excess (deficient) reserves (Line 34 - Line 37) | \$ | 0 |
| Percentage of premium revenue earned from point-of-service plan contracts: | | |
| 39. Premium revenue earned from point-of-service plan contracts | \$ | |
| 40. Total premium revenue earned | \$ | |
| 41. Percentage | | 0 |
| Percentage of total health care expenditures incurred for enrollees for out-of-network services for point-of-service enrollees: | | |
| 42. Health care expenditures for out-of-network services for point-of-service enrollees | \$ | |
| 43. Total health care expenditures | \$ | |
| 44. Percentage | | 0 |
| 45. Point-of-Service Enrollment at end of period | | |
| Total Ambulatory encounters for period for point-of-service enrollees: | | |
| 46. Physician | | |
| 47. Non-Physician | | |
| 48. Total | | 0 |
| 49. Total Patient Days Incurred for Point-of-Service enrollees | | |
| 50. Annualized Hospital Days/1000 for Point-of-Service enrollees | | |
| 51. Average Length of Stay for Point of Service enrollees | | |
| 52. Compliance with Section 1374.68(a) as follows: | | |
| 53. Current Monthly Claims Payable for out-of-network coverage or services provided under Point-of-Service Contracts: | \$ | |
| 54. Current monthly incurred but not reported claims balance for out-of-network coverage or services provided under Point-of-Service contracts | \$ | |
| 55. Total | \$ | 0 |
| 56. Total times 120% | \$ | 0 |
| 57. Deposit (Greater of Line 56 or minimum of \$200,000) | \$ | |

STATEMENT AS OF 9-30-2003 OF 933-0315 American Specialty Health Plans of California, Inc.

REQUIRED TANGIBLE NET EQUITY (TNE) CALCULATION:

TNE required must be equal to the GREATER of "A" "B" or "C" below (See Rule 1300.76)

| Full Service Plans | | Specialized Plans | |
|---------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| | 1 | | 2 |
| A. Minimum TNE Requirement | \$ 1,000,000 | Minimum TNE Requirement | \$ 50,000 |
| B. REVENUES: | | | |
| 1. 2% of the first \$150 million of annualized premium revenues | \$ | 2% of the first \$7.5 million of annualized premium revenue | \$ 150,000 |
| Plus | | Plus | |
| 2. 1% of annualized premium revenues in excess of \$150 million | \$ | 1% of annualized premium revenue in excess of \$7.5 million | \$ 606,616 |
| 3. Total | \$ 0 | Total | \$ 756,616 |
| C. HEALTHCARE EXPENDITURES: | | | |
| 4. 8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis. | \$ | 8% of the first \$7.5 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis. | \$ 600,000 |
| Plus | | Plus | |
| 5. 4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis. | \$ | 4% of annualized health care expenditures in excess of \$7.5 million except those paid on a capitated or managed hospital payment basis. | \$ 996,658 |
| Plus | | Plus | |
| 6. 4% of the annualized hospital expenditures paid on a managed hospital payment basis. | \$ | 4% of the annualized hospital expenditures paid on a managed hospital payment basis. | \$ 0 |
| 7. Total | \$ 0 | Total | \$ 1,596,658 |
| 8. Required "TNE" - Greater of "A" "B" or "C" | \$ | Required "TNE" - Greater of "A" "B" or "C" | \$ 1,596,658 |

**KNOX -KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1374.64**

POINT OF SERVICE TANGIBLE NET EQUITY CALCULATION

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-----------|
| | 1 | |
| 1. Net Equity | \$ | 4,954,150 |
| 2. Add: Subordinated Debt | \$ | |
| 3. Less: Receivables from officers, directors, and affiliates | \$ | |
| 4. Intangibles | \$ | |
| 5. Tangible Net Equity (TNE) | \$ | 4,954,150 |
| 6. Required Tangible Net Equity (From Line 10 or 13 below) | \$ | |
| 7. TNE Excess (Deficiency) | \$ | 4,954,150 |
| ADJUSTED MINIMUM TANGIBLE NET EQUITY CALCULATION (Complete Section I or II): | | |
| I. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(1) or (2): | | |
| 8. Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2) | \$ | |
| 9. 10% of annualized health care expenditures for out-of-network service for point-of-service enrollees | \$ | |
| 10. Add lines 8 and 9 | \$ | 0 |
| II. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(3): | | |
| <u>PART A</u> | | |
| 11. Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 24) | \$ | |
| 12. 10% of annualized health care expenditures for out-of-network services for point-of-service enrollees | \$ | |
| 13. Add lines 11 and 12 | \$ | 0 |
| III. MINIMUM TNE REQUIREMENT TO DETERMINE MONTHLY REPORTING | | |
| 14. Line 5 (above) | \$ | 4,954,150 |
| 15. Multiply Line 6 (above) by 130% | \$ | 0 |
| 16. Difference (Line 14 - Line 15) | \$ | 4,954,150 |
| If Line 14 is less than Line 15, then monthly reporting is required | | |

STATEMENT AS OF 9-30-2003 OF 933-0315 American Specialty Health Plans of California, Inc.

WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

| | 1 Full Service Plans | 2 Specialized Plans |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| 1. Health care expenditures for period | \$ <input type="text"/> | \$ <input type="text"/> |
| Less: | | |
| 2. Capitated or managed hospital payment basis expenditures | <input type="text"/> | <input type="text"/> |
| 3. Health care expenditures for out-of-network services for point-of-service enrollees | <input type="text"/> | <input type="text"/> |
| 4. Result | <input type="text" value="0"/> | <input type="text" value="0"/> |
| 5. Annualized | <input type="text"/> | <input type="text"/> |
| 6. Reduce to maximum of \$150 million | <input type="text"/> | <input type="text"/> |
| 7. Multiply by 8% | \$ <input type="text" value="0"/> | \$ <input type="text" value="0"/> |
| Plus | | |
| 8. Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees | \$ <input type="text"/> | \$ <input type="text"/> |
| 9. Less \$150 million | <input type="text"/> | <input type="text"/> |
| 10. Multiply by 4% | \$ <input type="text" value="0"/> | \$ <input type="text" value="0"/> |
| Plus | | |
| 11. Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees | \$ <input type="text"/> | \$ <input type="text"/> |
| 12. Multiply by 4% | \$ <input type="text" value="0"/> | \$ <input type="text" value="0"/> |
| 13. Total | \$ <input type="text" value="0"/> | \$ <input type="text" value="0"/> |

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